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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

PHOENIX SOLUTIONS, INC., a California  
corporation,

Plaintiff,

v.

WELLS FARGO BANK, N.A., a Delaware  
corporation

Defendant.

Case No. CV 08-0863 MHP

**JOINT CASE MANAGEMENT  
STATEMENT**

Date: August 25, 2008  
Time: 3:00 p.m.  
Dept: 15, 18th Floor  
Judge: Hon. Marilyn Hall Patel

Date Comp. Filed: February 8, 2008

Trial Date: TBD

1 Pursuant to the Court's Order filed June 10, 2008 and Local Rule 16-10(d), Phoenix  
2 Solutions, Inc. ("Phoenix") and Wells Fargo Bank, N.A. ("Wells Fargo") respectfully submit this  
3 Joint Case Management Statement.

4 **Proposed motions:**

5 **Phoenix's Statement.** Plaintiff intends to file a Motion for Summary Judgment on the  
6 issue of inequitable conduct. Defendant has been given proper notice that Plaintiff will file said  
7 motion.

8 **Wells Fargo's Statement.** Wells Fargo intends to file a motion for summary judgment  
9 on all four patents. Phoenix has accused Wells Fargo of infringement based on Wells Fargo's  
10 implementation of software sold by Nuance. But Nuance has been selling software with the  
11 accused functionality since well before the November 1999 filing date of each of the patents-in-  
12 suit, rendering Phoenix's patents invalid. Because Wells Fargo's invalidity arguments are based  
13 Phoenix's own infringement contentions, the court does not need to hold a claim construction  
14 hearing to decide this motion.

15 **Case management issues:**

16 **Phoenix's issues.** Plaintiff also intends to file a Motion for Protective Order. The Parties  
17 have exchanged several drafts and communications regarding a stipulated protective order, but  
18 have reached an impasse on one remaining issue. Plaintiff has asked that one of its outside  
19 counsel, J. Nicholas Gross, be allowed access to any information, including those marked "For  
20 Attorney's Eyes Only." Mr. Gross has been Plaintiff's counsel on patent matters for the past  
21 eight years. He is Plaintiff's most trusted legal adviser. Plaintiff's position is that providing Mr.  
22 Gross access to confidential information would not compromise Defendant's competitive  
23 advantage in any way since the Parties do not compete in any industry related to the patents in  
24 suit. However, Defendant has steadfastly denied Mr. Gross access to the confidential information.

25 **Wells Fargo's issues.** The parties have come close to reaching agreement on a  
26 protective order based on the standard protective order found on the Court's website. However,  
27 Phoenix has requested that its patent prosecution counsel, Mr. J. Nicholas Gross, who continues  
28 to prosecute continuation applications of the patents-in-suit, be permitted to review documents

1 designated as Highly Confidential under the protective order. Wells Fargo indicated that it  
2 would be willing to allow that access if Mr. Gross agreed to cease prosecuting patents for  
3 Phoenix, and thereby remove the risk that he would, however inadvertently, use Highly  
4 Confidential information from the litigation in drafting further claims that, like the patents at  
5 issue in this case, might be asserted against Wells Fargo in the future. Wells Fargo believes that  
6 Phoenix's attempt to have Mr. Gross access Highly Confidential information while continuing to  
7 prosecute patents runs afoul of the principle that "the patent prosecutors for any party should  
8 make a choice: either prosecute future patents in this family of patents, or litigate the patent at  
9 issue, but not both." *Presidio Components, Inc. v. American Tech. Ceramics Corp.*, 546 F. Supp.  
10 2d 951 (S.D. Cal. 2008). Although the parties have been able to go forward in discovery by  
11 operating under Patent Local Rule 2-2's provision limiting disclosure to outside counsel of  
12 record, Wells Fargo has recently served subpoenas on non-parties who will undoubtedly want to  
13 have a protective order in force before producing their documents. Wells Fargo therefore asks  
14 that the Court enter the standard terms of the Northern District protective order to which the  
15 parties have agreed, and rule that Mr. Gross may not access Highly Confidential documents  
16 unless he discontinues prosecuting patents on Phoenix's behalf in this area.

17 A second issue has arisen with respect to Mr. Gross. In this litigation, and apparently in  
18 others, Phoenix has produced documents reflecting communications between Mr. Gross and  
19 Phoenix's principal, Mr. Bennett, relating to the prosecution of the patents at issue in this case.  
20 Wells Fargo has requested that Phoenix produce other such communications, and Phoenix has  
21 refused to do so, apparently on grounds of privilege. When the parties met and conferred  
22 regarding Phoenix's objections, Phoenix's counsel conceded that privilege had been waived as a  
23 result of its production of those documents, but took the position that the scope of the waiver was  
24 narrow. Phoenix's counsel has also never requested that the documents at issue be returned to  
25 Phoenix, thereby confirming that their production was a deliberate choice, and not the product of  
26 inadvertence. It appears from Phoenix's statement in this filing that Phoenix believes the waiver  
27 extends only to the specific documents that it produced. Wells Fargo accordingly requests that  
28 the Court allow the parties to brief the issue of the breadth of the privilege waiver, and to order

1 Phoenix to produce all responsive documents that are within the scope of the waiver. This issue  
2 plainly needs to be resolved swiftly so that Wells Fargo will know what information is available  
3 to it in opposing Phoenix's planned motion for summary judgment on inequitable conduct.  
4 Wells Fargo proposes that it file an opening letter brief on August 25, and that Phoenix file a  
5 letter brief in opposition by Friday, August 29. If the Court is inclined to consider a reply letter  
6 brief, Wells Fargo would propose to file one on Wednesday, September 3.

7 **Phoenix's response.** Wells Fargo asks the Court to enter the standard terms of the  
8 Northern District protective order at the status conference. Given the importance of a protective  
9 order in patent cases, it would deprive Phoenix of its right to due process if this issue were  
10 decided without a properly noticed motion. We are adamant that the issue regarding a protective  
11 order cannot be decided at the status conference because Phoenix's right to consult with counsel  
12 of its choice is sacrosanct. Furthermore, Patent Local Rule 2-2, which states that the Northern  
13 District's protective order governs discovery, already affords the same protection as Defendant's  
14 request.

15 To the extent that the documents referenced by Wells Fargo were produced, the attorney-  
16 client privilege is waived only as to those documents. However, Wells Fargo misstates the facts  
17 by stating that "Phoenix's counsel conceded that privilege had been waived." This language  
18 suggests that Phoenix's counsel conceded to waiver beyond the reference documents, which was  
19 clearly not the case.

20 **ADR.** Pursuant to Local Rule 16-10(d), the parties state that they are scheduled to  
21 engage in a mediation on October 23, 2008.  
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1 The parties look forward to discussing these matters and any others that the Court may  
2 desire on August 25th.

3 Dated: August 18, 2008

TROJAN LAW OFFICES

6 By: /s/ R. Joseph Trojan  
7 R. Joseph Trojan  
8 Attorneys for Plaintiff  
9 PHOENIX SOLUTIONS, INC.

10 Dated: August 18, 2008

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11 By: /s/ Eugene M. Paige  
12 Eugene M. Paige  
13 Attorneys for Defendant  
14 WELLS FARGO BANK, N.A.